

August 28, 2020

iAnthus

iAnthus Corrects Purported Shareholders' Group's Inaccurate and Misleading Statements

- *The Recapitalization Transaction, if completed through the Plan of Arrangement, provides the best available result for Shareholders*
- *Over 100 parties were contacted with over 50 signing confidentiality agreements as part of the strategic alternative review conducted by the Special Committee*
- *If the Recapitalization Transaction is not approved by Shareholders and is instead completed through CCAA Proceedings, Shareholders will lose the entirety of their investment*
- *The Board of Directors unanimously recommends that all securityholders vote FOR the Recapitalization Transaction to be completed by way of the Plan of Arrangement*

NEW YORK and TORONTO, Aug. 28, 2020 /PRNewswire/ - iAnthus Capital Holdings, Inc. ("iAnthus" or the "Company") (CSE: IAN), (OTCQX: ITHUF), which owns, operates, and partners with regulated cannabis operations across the United States, is warning its securityholders about inaccurate and misleading statements pertaining to the Company's previously announced recapitalization transaction (the "Recapitalization Transaction"). The purported group of shareholders (the "Misinformed Shareholders") made the misleading and inaccurate statements to the Company's shareholders ("Shareholders") and these statements, if relied upon, could cause Shareholders to lose the only opportunity they have to maintain any equity in iAnthus in connection with the Recapitalization Transaction.

iAnthus wishes to ensure that the Shareholders make an informed decision as to how to vote on the Recapitalization Transaction and cautions securityholders not to be misled by these statements. iAnthus encourages securityholders to read the management information circular of the Company dated August 14, 2020 (the "Circular") in respect of the meetings of securityholders (the "Meetings") to approve the Recapitalization Transaction and related meeting materials, which have been filed on the Company's SEDAR profile at www.sedar.com and have been uploaded to the Company's website at www.ianthus.com/2020-special-meetings.

There are five significant misleading statements, which we address separately below.

A Robust Strategic Alternative Review was Conducted by a Special Committee of Independent Directors

Statements by the Misinformed Shareholders imply that the Company's secured lenders (the "Secured Lenders") unilaterally forced the Company into the Recapitalization Transaction. **This is not true.** The Recapitalization Transaction was agreed to following an extensive strategic alternatives review process. Such process included dedicated involvement of a special committee of independent directors of the Company (the "Special Committee")

formed to review the strategic alternatives available to the Company.

The Special Committee retained Canaccord Genuity Corp. ("Canaccord Genuity") as its financial advisor to assist in conducting this review. Canaccord Genuity was selected due to the combination of: (i) its vast experience and relationships with companies, investors and lenders in the cannabis industry, (ii) its full service investment banking capabilities, specifically including its M&A, financial advisory, debt advisory and restructuring capabilities, and (iii) its cross-border team experience.

As part of this strategic alternative review, the Company, through Canaccord Genuity, contacted approximately 100 parties, including approximately 50 parties to explore and discuss a divestiture or divestitures of select assets, a corporate sale or other form of merger transaction, and approximately 50 parties to discuss financing alternatives. Ultimately, iAnthus signed confidentiality agreements with, and provided confidential evaluation materials to, more than 50 parties. In addition, the Special Committee considered other alternatives, including the sale of non-core assets, revenue-enhancing initiatives, and other options to maximize stakeholder value.

After completing this extensive review and consultation process, the Board of Directors of the Company (the "Board"), on the recommendation of the Special Committee, and with the support of its legal and financial advisors (including Canaccord Genuity), concluded that the Recapitalization Transaction represented the best available alternative to improve the Company's capital structure and to maximize and preserve value for the Company and its stakeholders. This decision further considered a fairness opinion (the "Fairness Opinion") provided by an independent firm, PricewaterhouseCoopers LLP ("PwC"), who concluded that, as of July 28, 2020, and based upon PwC's scope of review and subject to the assumptions made, matters considered and limitations and qualifications contained in the Fairness Opinion, the Recapitalization Transaction by way of Plan of Arrangement is fair, from a financial point of view, to the Shareholders. The Fairness Opinion was prepared for the sole use of the Board and Special Committee as one factor among others to consider in deciding whether to approve the Recapitalization Transaction. The Fairness Opinion may not be relied upon by any other party.

There are NO Alternative Transactions Available Which are Superior for Shareholders

The Misinformed Shareholders imply that there are alternative transactions available to the Company that would result in a superior outcome for the Shareholders. **This is not true.** While the Special Committee, supported by its legal and financial advisors, identified and evaluated a range of strategic alternatives, none surfaced that offered more value for the Shareholders than the Recapitalization Transaction.

CCAA Proceedings Will Result in NO Recovery for Shareholders

As stated throughout the Circular, if the Recapitalization Transaction is not approved by Shareholders, it will be effected by way of proceedings ("CCAA Proceedings") under the *Companies' Creditors Arrangement Act* (Canada) ("CCAA"). In such case, the Company is required to commence the CCAA Proceedings immediately, but not later than five business days, following the Meetings.

The Misinformed Shareholders misstate the potential outcomes if the Recapitalization

Transaction is not approved by Shareholders, and as a result, CCAA Proceedings are commenced. The Misinformed Shareholders imply that a judge in CCAA Proceedings always has the discretion to balance interests of shareholders and creditors and imply that as a result, the Shareholders may have some chance of recovery under CCAA Proceedings. **This is not true.** Instead, the CCAA expressly precludes the court from sanctioning any compromise or arrangement that provides for payment to shareholders if creditors are not paid in full. After conducting an extensive strategic alternatives review process, no transaction was available to the Company that provided for full payment to the Company's creditors (i.e., the Secured Lenders and the holders of unsecured debentures (the "Debentures")). In the present circumstances, therefore, a CCAA judge will not have the discretion to fashion a remedy that sees any recovery at all for Shareholders. **In simple terms, if securityholders approve the Recapitalization Transaction by way of the Plan of Arrangement then there IS recovery available for Shareholders. If the securityholders do not approve the Recapitalization Transaction by way of the Plan of Arrangement, then the Recapitalization Transaction will be completed under CCAA Proceedings and there is NO recovery available for the Shareholders in the current circumstances.**

The Recapitalization Transaction is Supported by the Board, Special Committee and Management

The Misinformed Shareholders state that the Board is not satisfied with the Recapitalization Transaction. **This is not true.** The Board and the senior executives of the Company support the Recapitalization Transaction, and the Board, on the recommendation of the Special Committee, has unanimously: (a) approved the Recapitalization Transaction; (b) authorized the submission of the Recapitalization Transaction to securityholders and the Court for their respective approvals; and (c) determined that the Recapitalization Transaction is in the best interests of the Company and its stakeholders.

The Board, with the benefit of a recommendation from the Special Committee and on advice from its financial and legal advisors, has chosen to pursue the Recapitalization Transaction not because it was forced to by the Secured Lenders, but because the Recapitalization Transaction was the best alternative available to the Company and its stakeholders (including the Shareholders). Securityholders are encouraged to read the key benefits of the Recapitalization Transaction found in the Circular and on the Company's website at www.ianthus.com/2020-special-meetings.

US\$60 Million of Unsecured Debentures are Also in Default

The Misinformed Shareholders do not take into account **the US\$60 million of outstanding principal amount of Debentures**. As referenced in the Circular, the Company defaulted under the terms of the Debentures on April 14, 2020. The initial consenting Debentureholders (as defined below) are arm's length to, and not affiliated with, the Secured Lenders and have negotiated on behalf of their own interests in connection with the Recapitalization Transaction. The terms of the Recapitalization Transaction, as agreed to by the Company, take into account the competing demands of both the Secured Lenders and the holders of the Debentures (the "Debentureholders"), as well as the interests of Shareholders and other stakeholders of the Company. In other words, the Company has had to consider the differing interests of a large number of securityholders, including the Secured Lenders, the Debentureholders, and the Shareholders.

As at August 27, 2020, the Company had approximately US\$135 million owing to the Secured Lenders and approximately US\$63 million owing to the Debentureholders, with each such debt tranche continuing to accrue interest and other charges.

Do Not Be Misled. Understand the Facts and Vote FOR the Recapitalization Transaction to be Completed by Way of the Plan of Arrangement to Ensure Shareholders Receive the Best Available Consideration.

The Board of Directors Unanimously Recommends a Vote FOR.

Securityholders' Questions or Voting Assistance

iAnthus' securityholders who have questions or need assistance with voting their respective securities can also contact the iAnthus' Proxy Solicitation Agent, Laurel Hill Advisory Group.

Laurel Hill Advisory Group

North American Toll Free: 1-877-452-7184
Calls Outside North America: 1-416-304-0211
Email: assistance@laurelhill.com

The Circular

The Circular contains, among other things, details concerning the Recapitalization Transaction by way of the Plan of Arrangement, the background to and reasons for the Board's favourable recommendation of the Recapitalization Transaction by way of the Plan of Arrangement, the requirements for the Plan of Arrangement to become effective, procedures for voting at the Meetings and other related matters. **Securityholders are urged to carefully review the Circular and accompanying materials as they contain important information regarding the Recapitalization Transaction and its consequences to Securityholders.** A copy of the Circular is available on the Company's website at www.ianthus.com/2020-special-meetings or under the Company's SEDAR profile at www.sedar.com.

Proxy Mailing Update

As disclosed in the Company's news release dated August 18, 2020 (a copy of which is available under the Company's SEDAR profile at www.sedar.com), the Company has mailed the Circular and associated materials for the Meetings. The mailing was completed within timelines required by applicable securities law. The Company is not aware of any mail delays, and furthermore the Company has been informed by some Shareholders that they have already received their materials for the Meeting(s) in the mail.

About iAnthus

iAnthus owns and operates licensed cannabis cultivation, processing and dispensary facilities throughout the United States, providing investors diversified exposure to the U.S. regulated cannabis industry. Founded by entrepreneurs with decades of experience in operations, investment banking, corporate finance, law and healthcare services, iAnthus provides a unique combination of capital and hands-on operating and management expertise. iAnthus currently has a presence in 11 states and operates 36 dispensaries (AZ-4,

MA-1, MD-3, FL-16, NY-3, CO-1, VT-1 and NM-7 where iAnthus has minority ownership). For more information, visit www.iAnthus.com.

COVID-19 Risk Factor

The Company may be impacted by business interruptions resulting from pandemics and public health emergencies, including those related to COVID-19. An outbreak of infectious disease, a pandemic, or a similar public health threat, such as the recent outbreak of COVID-19, or a fear of any of the foregoing could adversely impact the Company by causing operating, manufacturing, supply chain, and project development delays and disruptions, labor shortages, travel, and shipping disruption and shutdowns (including as a result of government regulation and prevention measures). It is unknown whether and how the Company may be affected if such a pandemic persists for an extended period of time, including as a result of the waiver of regulatory requirements or the implementation of emergency regulations to which the Company is subject. Although the Company has been deemed essential and/or has been permitted to continue operating its facilities in the states in which it cultivates, processes, manufactures, and sells cannabis during the pendency of the COVID-19 pandemic, there is no assurance that the Company's operations will continue to be deemed essential and/or will continue to be permitted to operate. The Company may incur expenses or delays relating to such events outside of its control, which could have a material adverse impact on its business, operating results, financial condition, and the trading price of the Common Shares.

Forward Looking Statements

Statements in this news release that are forward-looking statements are subject to various risks and uncertainties, including concerning COVID-19 and the specific factors disclosed here and elsewhere in iAnthus' periodic filings with Canadian securities regulators. When used in this news release, words such as "will", "hope", "could", "plan", "estimate", "expect", "intend", "may", "potential", "believe", "should", "our vision" and similar expressions, are forward-looking statements.

Forward-looking statements may include, without limitation, statements relating to the Recapitalization Transaction.

Readers should not place undue reliance on forward-looking statements. The forward-looking statements in this news release are made as of the date of this release. iAnthus disclaims any intention or obligation to update or revise such information, except as required by applicable law, and iAnthus does not assume any liability for disclosure relating to any other company mentioned herein.

The Canadian Securities Exchange has not reviewed, approved or disapproved the content of this news release.

The securities to be issued pursuant to the Restructuring Transaction have not been and will not be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act"), or any state securities laws and may not be offered or sold within the United States or to U.S. persons unless registered under the U.S. Securities Act and applicable state securities laws, or an exemption from such registration is available. This news release does not constitute an offer to sell or a solicitation of an offer to buy any securities. "United

States" and "U.S. person" are as defined in Regulation S under the U.S. Securities Act.

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